Debate No. 28 of 24.08.2004

NATIONAL PENSIONS SYSTEM - REVIEW

The Leader of the Opposition (Dr. N. Ramgoolam) (By Private Notice) asked the Minister of Social Security, National Solidarity and Senior Citizens Welfare and Reform Institutions whether in regard to the change in the pension system, he will state -

(a) the number of beneficiaries for each of the pensions being income-tested and how many have to fill in the prescribed forms in each category;

(b) whether the information asked, being of a confidential nature, the exercise is not tantamount to an investigation into the financial status of every senior citizen, widow, orphan and invalid, and

(c) the net savings to Government as a result of the cuts in welfare benefits.

Mr Lauthan: Mr Speaker, Sir, I am thankful to the hon. Leader of the Opposition to have given me the opportunity to once again explain to the House the philosophy and rationality behind the decision of this Government to proceed with a targeting approach our basic pension system.

As Members are aware, Mauritius is no exception to the ageing phenomenon which is affecting all countries around the world. As I mentioned previously, the number of beneficiaries of Basic Retirement Pension which now stands at about 120,000 will almost treble in the year 2041. There is no alternative than to review the system.

The open-ended system of Government transfers was exerting too much strain on Government expenditure and would not have been sustainable over time. As the objective is to precisely ensure that payment of Government transfers to those who are most deserving to sustainable over time, this Government has taken the bold decision to introduce the targeting of Government transfers.
In his Budget Speech, the hon. Minister of Finance has announced the implementation of a targeted approach to basic pensions as follows -

(i) payment of basic retirement pensions would be limited to persons with monthly income not exceeding Rs20,000 monthly as from October 2004, and
(ii) other basic pensions as from January 2005.

I wish to point out that the need to review the payment of basic pensions has been mentioned twice in the past, first in 1993 and then in 1997 by the then respective Ministers of Finance.

**Dr. Ramgoolam:** Mr Speaker, Sir, the question is very specific. The hon. Minister has answered two previous PNQs. I wanted to get specific answers to these questions.

**Mr Speaker:** I have said in the past that I have no control over the answers, but I have found something of relevance from my research. In fact there have been abuses in this House. I would like to quote from Erskine May 22nd Edition page 305. This is what it says -

"An answer should be confined to the points contained in the question, with such explanation only as renders the answer intelligible, though a certain latitude is permitted to Ministers of the Crown."

Well, when it speaks of latitude, it means latitude. However, it is not boundless.

**Mr Lauthan:** Sir, this is only a passing remark just to show that it is nothing new. The Opposition itself was totally agreeable. They also felt the need to target the pension. So, it is a passing remark. I know it hurts when we remind them of their unfulfilled promises.

**Mr Speaker:** Hon. Minister, it is not a question of hurting. I think this House is fully aware of what you are saying. This has been said in the House during the Budget Speech by the hon. Minister of Finance and it has been raised a number of times by others. I don't think it is necessary for you to come again on this aspect of the issue.
Mr Lauthan: I want to point out that contrary to past promises, we are coming to concrete action by actually implementing the decision.

(Interruptions)

Mr Speaker: Order, please!

Mr Lauthan: So, it is good to know that Mauritius was until recently one of the only four countries in the world with such a pension system, the universal pension.

It is always difficult to bring reforms and to implement the relevant measures. The transition period is always difficult and this has been so in all the other countries in the world.

Mr Speaker, Sir, I also explained on previous occasions that the measures that have been announced in the Budget Speech concerning BRP have paved the way for a new concept of targeting referred to as affluence testing. Only a small portion of affluent people whose income is found at the top is concerned. I am confident that Mauritians have a deep sense of solidarity, particularly when the poor, the most needy and our elderly are concerned.

Mr Speaker, Sir, this is precisely what these measures are about. It is not a question of saving money pour renflouer les caisses de l'Etat per se, but we are immediately redistributing much more than this amount to those who are in the age bracket of 70 to 89. Members will, no doubt, appreciate that there was a bona fide motivation for my Ministry to ensure that the new measures be implemented as from October. I must confess that the time limit given to beneficiaries to return the form was a bit too tight. I want to reassure the House that the intention was never to cause any worry to our beneficiaries. As a matter of fact, the time limit has been extended to 15 September. Since the date limit has been extended, I have already requested officers of the Ministry to arrange for more radio and TV campaigns to explain it clearly to the population.

In addition, I have requested Members to make use of the CAB, if need be, offices at the grass roots to give more information to our elderly.

Coming to part (a) of the PNQ, Mr Speaker, Sir -
(i) the Basic Retirement Pensions (applicable as from October 2004), the number of beneficiaries is 119,433. Number to whom forms have been sent: 117,593. Those elderly above 90 who now number 1890, have not been targeted, again showing the caring attitude of this Government. The pension for this age group will continue to be universal.

Mr Speaker, Sir, not all people who have been sent the Income Declaration Form are expected to fill them and send them back.

Those who derive income above the prescribed ceilings need not return the forms.

(ii) **Basic Widows’ Pensions**

Applicable as from 01 January 2005

No. of Beneficiaries: 22,611

Income Declaration Form will be sent to them.
Same principle as Basic Retirement Pensions will apply.

(iii) **Basic Invalidity Pension**

Applicable as from 01 January 2005

No. of Beneficiaries: 22,482

Income Declaration Form will be sent to them in due course.
Same principle as Basic Retirement Pensions will apply.

(iv) **Orphans Pensions**

No. of Beneficiaries: 524

Income Declaration Form will be sent to them in due course..

Mr Speaker, Sir, regarding the benefits to be targeted as from January 2005, we expect most of the present beneficiaries to qualify, except for a very negligible few.

With regard to part (b), Mr Speaker, Sir, I wish to point out that we are bound by duty to administer the National Pensions Act. Certain material information is essential for the proper administration of the Fund and this
form has been issued in that frame of mind. We should not lose sight of the fact that we are dealing with public funds and not contributory pension fund. As a custodian of public funds, we have a duty of responsibility to ensure that public funds go to the most deserving.

In the exercise of his or her duty, there is an implicit obligation on any public servant to treat any piece of information, which he or she may come across, as confidential. (Example: The Official Secrets Act, Public Management Manual).

If there is any apprehension that confidential information will be disclosed, I am prepared to reinforce the legislation to have a specific provision in the National Pensions Act to protect the confidentiality of any information given to us.

In that respect, we shall be consulting the State Law Office for appropriate changes to be brought to the law if need be.

I wish to once again reassure the House that the question of investigation does not arise. The exercise is meant simply to gather material information to enable the payment of basic retirement pension to beneficiaries.

As regards part (c), Mr Speaker, Sir, as I have already mentioned, it would be inappropriate to talk of savings, as whatever is not being incurred as expenditure, will be available for redistribution to those who are in need.

This is a fair and equitable utilisation of public funds.

According to the Household Budget Survey 2001/02, some 3% of the elderly, that is, 3,600 have annual income exceeding Rs208,000. On this basis, an estimated amount of expenditure of around Rs5 m. monthly will be available for redistribution.

In fact, Mr Speaker, Sir, as from July 2004, about 53,433 beneficiaries in the age range of 70-89 years are receiving an increase of Rs100 per month over and above the rate of inflation - adjusted increase of 4.5%.

(Interruptions)

Mr Speaker: Order!
**Mr Lauthan:** They are now receiving Rs2,000 per month instead of Rs1,900. The additional amount thus spent will be around Rs69 m. per annum, Mr Speaker, Sir.

Mr Speaker, Sir, history will bear testimony that the present Government has been most caring and action-oriented one.

May I seize this opportunity to very briefly enumerate….

*(Interruptions)*

I'll take the ruling of Mr Speaker into consideration; I won't enumerate the numerous achievements of this Government as far as the elderly are concerned.

Mr Speaker, Sir, allow me to seize this opportunity to reiterate the concern of this Government for the elderly. May I also present my sincere apologies to all persons for any unnecessary worries, which have been, unfortunately caused to them.

**Dr. Ramgoolam:** Mr Speaker, Sir, after 15 minutes, eventually the hon. Minister apologised. It is good that he apologised, because people have been subjected to terror and humiliation. If he, himself, says that he is targeting 3%, why should 97% of the elderly be subjected to this kind of humiliation? Can he explain that?

**Mr Lauthan:** How are we going to know who are those who would voluntarily agree to forego their pensions? We must distribute the Income Declaration Form to everybody to be filled in and sent back, except those who know that they would be above the target set.

**Dr. Ramgoolam:** In reply to my PNQ of 15 June 2004, the hon. Minister stated that the system would be voluntary and that only those who receive more than the prescribed amount will be asked not to claim the pension. If I may refresh his memory, he said -

"In this approach, beneficiaries who draw more than Rs20,000 will be requested..."
I emphasize on the word 'requested'.

"…not to claim the benefit."

Now, we find that it is not voluntary obviously, but compulsory; everybody is being subjected to that kind of humiliation and degrading experience - if I may say so. Can the hon. Minister explain why this change of policy?

**Mr Lauthan:** There is no change, Mr Speaker, Sir. We need to have a base-line data. Some 15,000 letters sent to beneficiaries have been returned, because they have changed addresses. We had to send the forms to everybody; some requested that their pensions be deposited in banks, but we don't know where they are. This is only done for this transitional period; after that we will have our databank and there won't be any need to go further in this direction.

**Dr. Ramgoolam:** If the hon. Minister is saying that, and if I may quote from the reply, which he gave on 15 June, he said -

"My Ministry will adopt a strategy which will be as far as possible non-invasive in the private life of beneficiaries. We do not want to be very intrusive and aggressive."

Anybody who understands the meaning of non-invasive, intrusive and aggressive would surely admit that, after going through what the Minister has just said, and the form itself, it is very, very invasive, looking into the private life of the beneficiaries. The Minister is asking many details about confidential information. Why has a non-invasive, non-intrusive, non-aggressive promise become a very intrusive, very aggressive reality?

**Mr Lauthan:** This is not so, Mr Speaker, Sir, because we have only asked these people to mention the amount. We are not inquiring about where that amount comes from. We are not asking that kind of detail; there is no intrusion at all. We just need to know certain details. These people have been troubled by press articles or even by the radio.

*(Interruptions)*

**Mr Speaker:** Order!
Mr Lauthan: Almost 100% of those who have been scared by the demagoguery of the Opposition are those who will benefit from the pensions. There is no intrusiveness or invasiveness.

Dr. Ramgoolam: Mr Speaker, Sir, the hon. Minister is saying that it is the Opposition now that is responsible for that. Even the hon. Prime Minister has apologised and admitted it and the hon. Minister followed the example, which is good.

(Interruptions)

The Prime Minister: On a point of order, I did make it quite clear that I congratulated the Minister. I said that the campaign of explanation has been carried out, but in spite of that, I offer my apologies to our 'grand dimounes' out of respect. I did make out that I am satisfied with the work of the Minister.

Dr. Ramgoolam: I think it was a good thing that the hon. Minister apologised, because people are traumatised by this. It is not just the Opposition who said this. It is in the papers, everybody is saying so. Mr Jeantou even said in "L'Express" of Sunday: "Les événements qui ont eu lieu récemment ont causé une terreur et même une psychose chez beaucoup de personnes âgées." It is not the Labour Party that is saying that. Everybody is saying it.

After all that the Minister has said, that it will be voluntary, that it will be non-aggressive, non-intrusive, etc. he has chosen a system which is inhuman, which is creating fear amongst the elderly and this system that he promised was not going to be invasive is, in fact, turning out to be invasive and aggressive. What has prompted him to change that policy? He is saying that this will be one go, but that is not what he said before.

Mr Lauthan: Mr Speaker, Sir, I maintain that a declaration of revenue does not mean any investigation. We are not investigating about the sources of revenue.

Mr Duval: Mr Speaker, Sir, the hon. Minister has tendered some apologies, but it is clear from his words that he does not regret anything that has been done. In fact, he seems to self-congratulate himself. Can I ask the
Minister, in fact, whether this form has to be returned compulsorily, otherwise the pension is struck off?

Mr Lauthan: Mr Speaker, Sir, we won't strike off any pension, but the filling of the form will help us to know who are those qualified people. That is all. That is why we absolutely need to have these forms back.

Mr Duval: Mr Speaker, may I ask the hon. Minister whether he has read the accompanying note to this form, saying -

'Sir/Madam, you are kindly requested to fill in the attached form(...), failing which your pension would be discontinued as from October 2004.'

Has the Minister read this note that came out from the Ministry, which has been sent to every pensioner and has traumatised the nation?

Mr Lauthan: This is unfortunate, but as I said the only people we expect, who have not returned the forms, are those who know that they won't qualify. But the others need to return the forms. One confusion is the mentioning of the bank account number. By requesting the bank account number to those beneficiaries who wish to have their pension credited, unfortunately through press articles or comments, they have been brought to understand that we are investigating into their bank account. This is totally false, Mr Speaker, Sir.

Mr Duval: Mr Speaker, Sir, this is rubbish! What does this note mean? It is in plain English - 'Your pension will be discontinued as from October 2004'. What does it mean and is this why the Minister is apologising? In fact, it is not true, the Minister should resign because of traumatisation that has been caused to the people.

Mr Lauthan: Mr Speaker, Sir, the hon. Member is asking me to resign! If I am to relate the various achievements! When I came to that Ministry, there was not even an Action Plan for the elderly; in the appellation of the Ministry itself, there is 'Senior Citizen Welfare'. They only promised, but did not have the guts to implement.

Mr Duval: Mr Speaker, may I ask the hon. Minister whether, in fact, he would say clearly to this House that this note should be discontinued and
disregarded by the pensioners, yes or no? Is this total rubbish and, therefore, it does not mean anything? If people ignore this form, would their pension not be discontinued? Can I get a yes or no answer from the Minister of Social Security?

**Mr Lauthan:** Mr Speaker, Sir, unfortunately, prior to sending this note, we had published during three consecutive days a very explicit communiqué explaining why the beneficiaries must return the form and why we would assume that those, who don't return, would accept to forego their pension. Maybe, I admit that we should have attached the communiqué with the letter. It would have avoided all this confusion.

**Mr Duval:** Mr Speaker, Sir, we have not got a clear answer yet and it is important for the pensioners to know whether those, who choose not to reply to the communication, will have their pensions discontinued or not. That is a clear question. Perhaps the Minister could tell us clearly, yes or no, if people ignore this communication from his Ministry, what will happen to their pension in November?

**Mr Lauthan:** Mr Speaker, Sir, we have extended the time limit. From now on, we have had ten emissions on radio and television to explain. Government has decided to extend up to 15 September to explain very clearly, why those who would qualify need to return...

*(Interruptions)*

I am coming to this reply. If there is need for more time to explain clearly why those, who are qualified, need to send it, I am prepared to go on TV myself. After more aggressive campaigns of explanation, by the 15th of September, the pension will be discontinued for those who have not returned their form duly filled.

**Dr. David:** Mr Speaker, Sir, the Minister has just said that it is unfortunate that this letter has been issued, therefore, let me tear it - first thing. Second thing, he has apologised to the *grands dimounes*. May I ask the Minister whether now that he has apologised and considered all these things to be unfortunate, will he, therefore, stop this absurd exercise and start negotiating with all stakeholders? Would he do that?
Mr Lauthan: This is demagogy, Mr Speaker, Sir! This Government is determined to go ahead with the targeting. We are taking from those - I won't say rich, but not so rich - who can afford to forego this pension. We are, in fact, consolidating the Welfare State, Mr Speaker, Sir. We are determined, we will go ahead.

Dr. David: Mr Speaker, Sir, the Minister has just tendered apologies and he said that this is unfortunate. Therefore, he recognises that this is a failure. My question is: will he, therefore, in the light of what he has just said, open negotiations, dialogues with all stakeholders, including those who represent the old age pensioners?

Mr Lauthan: Mr Speaker, Sir, they have failed to implement what they promised!

Mr Dulloo: Mr Speaker, Sir, now that the hon. Minister has confirmed that any sick senior citizen, who, for some reason or another, is incapacitated from returning the form by 15 September, will automatically have his pension discontinued. This is what he has said. May I ask him whether he has made any provision to inquire into the circumstances of those persons who would not be able to return the form?

Mr Lauthan: Mr Speaker, Sir, we have explained time and again that people, who are bedridden, can send any relative in whom they have confidence with their Identity Card. As we have extended the delay, we don't have any worry. Already as at this morning, 70,000 forms have been returned. So, we won't have any problem.

Mr Dulloo: With reference to investigation, the Minister has said no, there is no investigation but what is happening is more than an inquisition. May I ask the hon. Minister whether he is aware that the senior citizens have been traumatised and frightened by the threat that is contained in the form that is being circulated? For the benefit of the House, I would refer to paragraph 5 of the form -

'Any beneficiary who makes a false or incorrect declaration shall commit an offence and may be liable to a fine not exceeding Rs5000 and to imprisonment for a term not exceeding 3 months.'

May I ask the hon. Minister whether he is aware...
…especially the words 'incorrect declaration' which may be innocent or not intentional! Whether he is aware of the effect that this is having on the senior citizens of Mauritius.

Mr Lauthan: This is the usual practice to those making false declarations, but it is not for everybody.

Dr. Boolell: Does the Minister agree that had he pay heed to the sound advice dispensed by technicians of both Ministries, there would have been no hardship or inconvenience caused to the elderly?

Mr Lauthan: Sir, any strategy has been developed with the technicians and both Ministries have worked together. We will continue to work together for the implementation.

Dr. Boolell: Can I then ask him why is it that he did not pay heed to the findings of the report of the Task Force chaired by Dr. Aubeeluck?

Mr Lauthan: The hon. Member is talking about the ongoing implementation we have for different task forces. The results of these task forces would eventually form part of a White Paper. This has nothing to do with targeting the BRP.

Dr. Boolell: Sound advice was dispensed to the Minister by the technicians of the Ministry not to go ahead until all the measures were taken, but yet they chose to go ahead with the result that we know.

Mr Lauthan: The hon. Member has been misinformed, Mr Speaker, Sir. Dr. Aubeeluck does not chair any Task Force.
Mr Dulloo: The Minister has confirmed that there have been threats of punitive or criminal action against those who would either not return or wrongly fill in the form and he has said …

(Interruptions)

The Prime Minister: Mr Speaker, on a point of order…

Mr Dulloo: There were threats..

The Prime Minister: On a point of order, Mr Speaker. The hon. Member is causing trouble on purpose. It was not said at any point, Mr Speaker, it was not said …

(Interruptions)

Dr. David: This is not a point of order!

Mr Speaker: Hon. David, this morning I told myself that I am not going to be provoked, that I am going to keep cool, that I am not going to lose my temper, but I am going to take action for any misbehaviour. I will decide whether it is a point of order or not. Yes, hon. Prime Minister, what is the point of order?

The Prime Minister: Mr Speaker, neither the Minister nor the paragraph read says that somebody who does not return a form commits an offence. No one said that. It refers to false information.

(Interruptions)

Mr Speaker: The hon. Prime Minister does not say that if somebody does not comply with it, he commits an offence.

(Interruptions)

I have not seen the form.

Mr Dulloo: Mr Speaker, Sir, I have just read it. I am just asking confirmation whether there is threat that criminal action will be taken against those who wrongly, incorrectly fill in the form?(Interruptions)

There is a threat of criminal action! And, secondly, whether there is a threat of punitive action, that is, those that would not return their form will automatically have their pension discontinued. This is a threat of punitive action!

Mr Speaker: Can you take your seat, hon. Dulloo? Let us be very clear. Let us not be demagogical. You have the form in your hand, you
should be able to read what it says, but you cannot ask the Minister to give a legal opinion. This is not allowed in the Standing Orders.

(Interruptions)

This is what you are asking the Minister to do, whether it threatens criminal action. It is clear!

Mr Dulloo: I confirm that they are threatened with criminal action if they do any incorrect declaration. The senior citizens have been threatened that if they do not return their form, their pension …

Mr Speaker: Hon. Dulloo, please, can you put your question?

Mr Dulloo: I am asking whether this is worth it when he says himself that this would amount to a saving of Rs5 m. per month. May I ask him whether l'etat d'urgence économique, the situation of this country is so desperate that we should harass 100,000 senior citizens in order that 3% should discontinue their pension in order to save Rs5 m. per month. Have we been driven to such an economic catastrophic situation?

Mr Lauthan: I mentioned in my original reply, Mr Speaker, that it is not a question of saving money per se. We are giving much more to those who otherwise would not have these benefits.

Mr Hurnam: Mr Speaker, I have two questions to the hon. Minister. Firstly, has the Minister or his Ministry sought legal advice regarding those beneficiaries who are going to forego their pension if they draw about Rs20,000 per month?

Mr Lauthan: Mr Speaker, Sir, as we have explained if somebody knowing fully well, conscientiously, that he has more than the level that we target, I do not think we should seek legal advice, if they voluntarily accept to forego their pension. That is why I mentioned the sense of solidarity of the Mauritian nation, particularly when it concerns the very poor.

Mr Hurnam: Mr Speaker, my question is very specific. It is in line with section 8 of the Constitution, which is a protection from deprivation of property - "no property of any description shall be compulsorily taken possession of, and no interest in (….)"

Now the Privy Council has ruled that salaries are movables (….)

Mr Speaker: Hon. Hurnam, again you are asking the Minister to make comments on a question, which is of a legal nature, which can only be decided by the Court. Time is almost up. A last question from the Leader of the Opposition.
**Dr. Ramgoolam**: Can I ask two questions, Mr Speaker, Sir? First of all, we want to get a clear answer from the Minister. With all the confusion in his answer it is not clear, I am afraid. He himself has admitted that it was an error to send the form. The confusion is in his head!

(Interruptions)

There is no demagogy. This was written in the form; and the hon. Minister admitted that it was wrong to put it there. He himself admitted it and he apologised.

(Interruptions)

So, can I ask him those who would not send their form back, will their pension be cut off?

**Mr Lauthan**: I have explained, Mr Speaker, Sir, already there have been dozen of emissions, talk shows, etc. We are going to give more information up to 15 September. If after the 15, after all those explanations, it is normal that we will do so.

(Interruptions)

**Mr Speaker**: A last question. Order.

**Dr. Ramgoolam**: He has apologised, therefore I take it that those who do not send their form back will have their pensions cut off? The attached note is good.

**Mr Speaker**: Yes.

**Dr. Ramgoolam**: Then, I think he should resign.

(Interruptions)

**Mr Speaker**: Next item. Questions to the hon. Prime Minister.